

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

**APPROVAL OF A TOBACCO SETTLEMENT SPENDING PLAN POLICY
MODIFICATION AND REQUEST FOR APPROPRIATION ADJUSTMENT FOR THE
REDIRECTION OF TOBACCO SETTLEMENT FUNDS TO MAKE SB90 PAYMENTS
TO NON-GOVERNMENTAL AGENCIES (NGA)
FOR FY 2002-2003 AB 3632 SERVICES
(ALL SUPERVISORIAL DISTRICTS)**

SUBJECT:

Approve, on a one-time basis, a policy modification to the Board's October 2000 Tobacco Settlement Spending Plan allowing unspent Tobacco Settlement funds be used to cover Departmental SB90 costs incurred by its non-governmental agencies (NGAs) through the delivery of AB3632 services in FY 2000-2001 prior to receipt of State SB90 payments. Upon receipt of State SB90 payments, the County will redirect such funds back to repay the Tobacco Settlement Designation account.

If the Tobacco Settlement Spending Plan policy change is approved, then approve 1) the redirection of 320,166 of unspent Tobacco Settlement funds (\$77,835 from FY 2002-2003 and \$242,331 from FY 2001-2003) to allow such redirected funds be used for FY 2000-2001 SB90 payments to NGAs, and 2) a Request for Appropriation Adjustment for Fiscal Year (FY) 2002-2003 for \$242,000 to utilize the unspent Tobacco Settlement Account Payables balance account and increase DMH's Service and Supplies account. Both actions will allow the Department to pay NGAs for AB 3632 services prior to receipt of State SB 90 funds.

REQUEST:

To approve, on a one-time basis, a Tobacco Settlement Spending Plan policy change. Once such a policy change is approved, then approve the redirection of \$77,835 of FY 2002-2003 unspent Tobacco Settlement funds for three (3) NGA providers and the redirection and appropriation adjustment of \$242,000 of FY 2001-2002 unspent Tobacco Settlement Account Payable (AP) balances of three (3) NGA providers to allow compensation to twenty-five (25) NGA providers for \$320,166 of AB 3632 services delivered to Severely Emotionally Disturbed (SED) children in FY 2000-2001 prior to receipt of State SB90 funds.

Upon receipt of SB90 funds from the State, the County will redirect such funds back to replenish the Tobacco Settlement funds.

CONTRACTOR:

DMH has Mental Health Service Agreements with NGAs with language stating that in accordance with 1984 California Legislature enactments of AB 3632, the County intends to expand existing AB3632 mental health services for severely emotionally disturbed (SED) children/adolescents who have been referred by local school districts by assisting service providers in obtaining SB90 funds to offset the costs of the services. In accordance with the terms of the Agreements for FY 2000-2001 through 2001-2002, SB90 funds are not part of the Maximum Contract Amount (MCA) and are to be paid by County to Contractor solely in County's capacity as the SB90 claim intermediary between the Contractor and the State. DMH is to compensate such contractors for delivering such mental health services from State SB90 funds upon receipt from the State.

INTENT:

For FY 2000-2001, through its settlement process, DMH has estimated that NGA providers are owed over \$4.5 million of SB90 funds for AB3632 services delivered to SED children in FY 2000-2001. DMH would like the Board to approve a change to its Tobacco Settlement Spending Plan allowing for the redirection or freeing up of unspent contracted Tobacco settlement funds for FY 2001-2002 and 2002-2003 in order to pay NGA providers a portion of what is owed them for FY 2000-2001.

JUSTIFICATION:

On June 10, 2003, the Board approved a motion directing the Chief Administrative Office, the Auditor-Controller, and the Department to identify and recommend any unspent and/or unallocated funds that could be used to make SB90 payments to NGAs for AB3632 services delivered to SED children in FY 2000-2001 and 2001-2002. The Department identified unspent Tobacco Settlement Funds from FYs 2001-2002 and 2002-2003 that could be used for such a purpose thereby allowing for the continuance of State mandated AB3632 services as further described:

In 1984 the California legislature enacted AB3632 in order to maximize and coordinate the provision of services to SED children/adolescents. The County's intermediary role between contracted service providers and the State for AB3632 mental health services for SED children is achieved through the SB90

reimbursement process that was designed to enable local governments to recover from a net financial injury that results from this State mandated program. While the \$4,535,781 has been included in the County's FY 2000-2001 SB90 mandated claim filed with the State, State payment has not occurred nor is expected to occur in the near future.

Therefore, the Department seeks approval to redirect \$320,166 of unspent Tobacco Settlement funds from FY 2001-2002 and 2002-2003 to fund the requested appropriation.

CONTRACTING PROCESS:

Since Tobacco Settlement funds are part of the MCA for FY 2002-2003, contract amendments to decrease the MCA of three (3) NGA providers will be required for this action.

Since for FY 2000-2001, and per Mental Health Service Agreements, SB90 funds were outside of the MCA, no contract amendments will be required to pay the twenty-five (25) NGAs for delivering AB3632 mental health services that are eligible for SB90 payments in FY 2000-2001.